

NCDOT/ACEC/AGC Design-Build Committee

Friday, October 15, 2004 – Meeting Minutes

The meeting was held in the EIC on the first floor of the Highway building at 1:30 p.m. Attending were:

<u>NAME</u>	<u>REPRESENTING</u>
Debbie Barbour	NCDOT
Victor Barbour	NCDOT
Steve Dewitt	NCDOT
Ellis Powell	NCDOT
Rodger Rochelle	NCDOT
Johnathan Bivens	S. T. Wooten Corporation
Bill Copeland	Rea Contracting
Drew Johnson	Barnhill Contracting
Kathryn Sawyer	ACEC/NC
Jim Blake	KCI
Jeff Douglas	LPA Group
Tim Keener	URS
Mike Krannitz	Stewart Engineering
Wayne Moody	HDR Engineering
Tommy Peacock	RK&K
Lisa Robert	Mulkey
Tom Shearin	Earth Tech

The following items were discussed at the meeting and are listed in order of the agenda:

- 1. Introductions** – All attendees went around the room and introduced themselves. NCDOT made opening remarks that the Department of Highways is very committed to design-build, with eight successful projects underway. NCDOT feels that some past projects could have been more successful had they been in the design-build program. As more work shifts to design-build in the future, NCDOT wants to be responsive to the industry needs (ACEC & AGC). NCDOT discussed the State Alternative Delivery System headed up by Rodger Rochelle and described the unit and what they are currently doing, including focusing on improved scoping of design build projects.
- 2. Update on Current Design-Build Projects Under Construction** - There are currently eight design-build projects under construction. All are going well, with the utilities work being hit or miss depending on project and location.

I-3807 I-85 in Henderson County – This is the first completed project. Everything went well on the project including utilities and right of way.

I-3311A I-77 in Mecklenburg County – This is a good project that is expected to open in November. It was a learning process and there was a \$12 million change order.

I-3803A I-85 Mecklenburg County – The design-build team has done a good job on this project, including work that was added to the project.

Division 7 Bridge Replacements – No problems with these projects other than utilities. Utilities have posed problems on the project due to unresponsiveness of utility companies on costs and relocations.

R-2547 Knightdale Bypass – The project was shut down for five weeks due to a Notice of Violation (NOV) from DENR, but will be opened on time with eight weeks of good weather.

R-2641 East Wake Expressway (Knightdale Connector) – This project was the first to include the permit and went extremely well with the agencies. A nine month permit process took 10 months, but could now be cut to 6 months. The permitting agencies ask NCDOT to get the projects through Concurrence Point 4A before going design-build delivery. The design-build projects could include 4B and 4C for projects that have gone through the merger process.

R-2248F Charlotte Outer Loop – This project was awarded two weeks ago.

U-3311B Bingham Drive – Awarding of this project is still under deliberation. The results should be known within the next 45 days.

Other projects that are currently in the proposal stage or nearing advertisement include I-2304AA & AB for I-85 over the Yadkin River, I-2511CB for I-85 in Rowan County, R2404A Windsor Bypass, U-3101C US 1/64 Traffic Control Plans, B-3851 Bridge Replacement on Market Street in Greensboro, and I-3311D I-77 extension of lanes.

3. **Future Design Build Projects** - Upcoming projects include I-4401 for I-40 in Asheville and the US 17 Washington Bypass.
4. **Design-Build Let List Information** – ACEC asked to have a better defined project let dates and more information included in the let list, including listing the stipend amount and more detail on the scope of work (i.e. concrete versus asphalt pavement, number, type and length of bridges, and etc.). NCDOT's goal is to update the design-build let list every 30 days with additional information added. In 60 days or so, the design-build let list will be like the traditional 12 month let list.
5. **NCDOT Policy on Design Firm Backlog** – There was much discussion on design-build and traditional backlog and how each of these would be considered in the selection of firms for both design-build projects and traditional projects. The following are NCDOT's positions on each of these matters:
 - a. **Design-Build Backlog** – NCDOT will consider this backlog as it would affect the delivery of other projects (NCDOT does not want one project to impact the delivery of other projects).
 - b. **Design-Build Shortlist** – Backlog has no impact on selection.
 - c. **Traditional Backlog** – Design-build backlog will count as part of selection criteria for traditional projects.
6. **Selection Committee Structure** – There are five members of the selection committee for the entire process. Major design elements will have representation, including construction and the

different design disciplines involved on a project provide input into the process. Steve DeWitt, Victor Barbour, Ellis Powell and Rodger Rochelle also provide guidance and input into the process. NCDOT is striving for continuity on selection committees and is also interjecting new faces to spread the experience to more staff. Selection committee members attend meetings where direction is given to the teams. Rodger is working diligently with the selection committee for more consistency. All agreed that careful consideration should be given to design innovations that may change the design done by a selection committee member and the sensitivities surrounding this issue. NCDOT currently uses a three page list of scoring criteria for the technical proposal and is going to 10 individual scoring levels.

7. **Shortlisting** – ACEC and the AGC representatives at the meeting requested that NCDOT shortlist no more than three teams. NCDOT's focus has always been and will continue to be to shortlist the appropriate number of teams based on the team's qualifications. There was much discussion about shortlisting and how NCDOT will shortlist three teams when there is clear division between the top three teams and the remaining teams. NCDOT sometimes has a difficult time narrowing the field to three teams and thus shortlists a greater number. If there are no clear deciding factors between the number three team and the number four team, NCDOT would not be able to defend their shortlist if challenged and thus shortlists four teams.
8. **Stipends** – ACEC and AGC representatives requested NCDOT to consider higher stipends for the projects on the basis that the proposal efforts are very expensive and with two to four losing teams on each project, the impacts to businesses are large and could become a detriment to a firm pursuing design-build. Also, due to the higher risk involved in design-build, the level of plans/proposal effort required for a contractor to bid the project is typically greater than NCDOT's proposal requirements. NCDOT has worked hard to get the stipends increased to their current level and would have a hard time justifying appreciably higher stipends. NCDOT asked that ACEC go back and come up with a proposal for appropriate stipend amounts based on past experiences. No commitment was made to raise the stipends but NCDOT recognizes that stipends should reflect the amount of up front work required based on the varying types of projects.
9. **Conflicts of Interest** – NCDOT's position on the Conflict of Interest issue has not changed. If a major designer has been heavily involved in the planning or preliminary design of a project, then the designer would be excluded from the subject design-build project. NCDOT makes allowances when requested in writing (i.e. major designer has been allowed to perform CEI). NCDOT will continue to monitor/rethink this as their program matures.
10. **Quality Adjustment Score** – NCDOT has increased the Quality Adjustment Score from 15% to up to 30% and stressed that they want best value, not lowest cost.
11. **RFP & RFQ Requirements** – The following issues surrounding the RFP and RFQ requirements were discussed:
 - a. **Modify for Project Size** – There was discussion that some of the smaller design-build projects were too small and required too much up effort during the proposal stage to be worth pursuing from a risk versus reward standpoint. Additionally, some projects that are at right of way or final stage do not seem to be good candidates due to the amount of work already performed and how close the projects are to traditional letting. NCDOT's

program is evolving and they asked that ACEC come up with some recommendations for design-build project selection.

- b. Scoring of Statements of Qualifications (SOQs)** – ACEC requested a more formal scoring process for the SOQ, similar to what is used for the technical proposals. The debrief meetings would be more meaningful if there were selection criteria and scoring discussions. NCDOT has current procedures for reviewing the SOQ's and shortlisting firms.
- c. Timing of Addenda Releases** – ACEC asked that NCDOT try to minimize the number of addenda and to give appropriate time to respond to addenda. As the program matures, NCDOT is writing better RFPs, scopes of work, and eliminating the need for addenda to the extent possible. As project requirements change or issues arise during the RFP process, addenda are still necessary.

12. Inspection Processes – Construction Engineering and Inspection (CE&I) is the most controversial area of design-build, but it is mostly a perception issue. NCDOT has tried design-build projects with the CE&I performed by a NCDOT contractor and performed by the design-build team. NCDOT is generally okay with the design-build team performing the CE&I work and indicated that QC components of future projects will be the contractors' responsibility, with NCDOT performing a QA role. On a past project, there was an issue where the CE&I firm was hesitant to stop work because of their contract with the contractor. NCDOT expects the CE&I firm to stop work and this will be asked of all design-build teams in the interview process and will be used in scoring. ACEC recommended adding verbiage in the RFP to prevent the contractor from using contract language forbidding the CEI firm from stopping work. NCDOT asked that ACEC forward the suggested language to them.

13. Deliverable Requirements (i.e. plans) – This discussion centered around the plan requirements and if the plans should be developed to look like standard design/bid/build plans when there are phased submittals and the contractors do not need standard plans to construct the project. This is an evolving process and NCDOT will require the plans to be developed to a level such that they can be used for as-builds.

14. Information Provided to Design-Build Teams – The request for information and the amount of information that NCDOT is providing to shortlisted teams is extensive and time consuming. NCDOT asked that ACEC provide them with a list of standard information needs (i.e. planning document, geotechnical report, preliminary design, etc.), when this information is needed, and an order of importance.

15. Engineer's Estimates – NCDOT requested assistance in their development of the engineer's estimates and how these estimates relate to our actual costs. NCDOT feels that there are concrete costs that are higher for design firms and contractors involved in design-build (i.e. errors and omissions insurance, bonding, etc.). NCDOT would like to see a schedule of costs and quantities. NCDOT would like to meet with a small group of firms and contractors to go over design-build costs and business.

16. Update on Permitting Process - The permitting agencies ask NCDOT to get the projects through Concurrence Point 4A before going design-build delivery. The design-build projects could include 4B and 4C for projects that have gone through the merger process.

- 17. Electronic Submission of Information** – NCDOT is considering getting information out to the design-build teams via a secured website with user/password access to help with information flow and to be more responsive. All seemed to think this would be a good approach.
- 18. Utility Movement** – NCDOT is looking at a risk analysis. The Bingham Drive project is an example of a project where there were utility issues beyond the control of the contractor and the contractor could not get information or costs. NCDOT would like for ACEC to solicit feedback on this problem as well as develop approaches to solving the problem, including railroad and third party constraints. NCDOT is also looking at this issue.
- 19. Other:** ACEC requested NCDOT to attend the next Design Build Industry Group (DBIG) meeting to give a brief presentation on the new State Alternative Delivery System. The meeting is scheduled for December 9, 2004.